

***WHY THE NEW DRUG BENEFIT WILL WORK ON DAY ONE
FOR DUAL ELIGIBLE INDIVIDUALS***

Starting January 1, 2006, full-benefit dual eligible and other low-income Medicare beneficiaries will be provided drug coverage at little or no cost through the new Medicare drug benefit. Approximately 6.3 million full-benefit dual eligible individuals will automatically qualify for comprehensive drug coverage with no premiums and copays of a few dollars when the Medicare prescription drug benefit begins in 2006.

Full-benefit dual eligible individuals will not experience a gap in coverage.

Unlike Medicaid, which differs from state to state and is subject to budget pressures and coverage limitations within states, the new Medicare prescription drug benefit is national, uniform, and comprehensive, and provides beneficiaries the same protections they have come to expect from Medicare.

CMS is working with states now to set up data exchanges that will enable us to identify full-benefit dual eligibles whose prescription drug coverage under Medicaid will end on December 31, 2005. CMS will notify these individuals directly by mail of their status and give them simple instructions explaining how the Medicare prescription drug benefit affects them, and what they need to do to choose a plan. More information will be available for this population through state medical assistance offices, through 1-800-MEDICARE, and www.medicare.gov on the web to help address their particular questions and concerns.

Partnering with states and SSA, CMS will also conduct broad outreach activities in the spring of 2005 to educate Medicare beneficiaries about Part D benefits, and to encourage low-income individuals to apply for the low-income subsidy. CMS will notify full-benefit and limited benefit (Qualified Medicare Beneficiaries, Specified Low-Income Medicare Beneficiaries, and Qualifying Individuals) dual eligible beneficiaries that they are automatically deemed eligible for the full subsidy and will not need to apply.

To ensure that no gap in prescription drug coverage occurs for full-benefit dual eligible individuals, CMS will automatically enroll them early in the fall of 2005, once Part D plans become available. CMS will notify beneficiaries that their Medicaid coverage is ending; that CMS wants them to choose a Part D plan on their own; but if they take no action, CMS will enroll them into a designated plan effective January 1, 2006.

- Full-benefit dual eligible individuals already enrolled in a Medicare Advantage (MA) plan will be facilitated enrolled into a Medicare Advantage Prescription Drug (MA-PD) plan (with the lowest Part D premium) within the same organization to ensure continuity of care.
- In general, all other full-benefit dual eligible individuals will be auto-enrolled into PD plans with premiums that do not exceed the premium subsidy amount or the lowest cost PD plan.
- Beneficiaries who wish to switch to a different plan than the one in which they are automatically enrolled may do so.

The auto-enrollment process ensures that all full-benefit dual eligible beneficiaries will be enrolled in a plan that provides drug coverage before Medicaid drug coverage ends. It also provides beneficiaries with almost two months to learn more about available plans, including their formularies and pharmacy networks, and to choose another plan if they so desire before January 1, 2006. Additionally, CMS will facilitate enrollment of other individuals who receive the low-income subsidy.

CMS will provide a transition into the Medicare prescription drug benefit for full-benefit dual eligible individuals so that they will experience no gap in coverage and so that protections and flexibility will be preserved for this group.

CMS is working to assure that drug plans provide access to medically necessary treatments for all beneficiaries and do not discriminate against any particular types of beneficiaries. CMS intends to encourage and approve formularies that provide the types of drug lists and benefit management approaches that are already in widespread use. In addition to determining that the drug categories and classes and the formulary list offered are not discriminatory, CMS intends to check the plan design, using clear benchmarks that plans can utilize as a guide in building formularies and structuring their bids.

Part D drug plan sponsors are required to provide for an appropriate transition process for new enrollees that are prescribed Part D drugs not on their Part D plan's formulary. Should a full-benefit dual eligible individual need to change PD plans to better accommodate his/her pharmaceutical needs and pharmacy affiliations, s/he may do so *at any time* because of a Special Enrollment Period afforded to them. The Special Enrollment Period allows full benefit dual eligibles to switch from one MA-PD plan to another, from one PD plan to another, or from original Medicare and a PD plan into an MA-PD plan and vice versa.